

(This article originally appeared in the Fall, 2013 issue of JSSI Airways Magazine)

## **NARA Chairman Comments on Current Aircraft Market and NARA's Initiatives**

**Brad Harris, CEO, Dallas Jet International; Chairman, National Aircraft Resale Association (NARA).**

The market is heating up. My evidence? This past summer was the best Dallas Jet International has had in our 15 years. While some aircraft brokers and dealers find business to be slow, conversations with my colleagues indicate that we're not alone – brokers in the larger, "main street" firms are again seeing record levels of activity.

Now, my optimism is tempered somewhat by declining prices and an oversupply of some aircraft, particularly the older legacy planes.

The most improvement has been in the sales of larger, newer aircraft. Fractional aircraft organizations and Fortune 200 companies historically upgrade their fleets every three to five years. Those hesitant to upgrade during the last three years are now acquiring additional aircraft or replacing their fleets.

Smaller companies and wealthy individuals also are upgrading to newer, larger-cabin aircraft. Many are still holding onto their cash, financing is still conservative but available. But the continuing need for fast, reliable transportation is prompting investment in business jets.

There remains an oversupply of 10- to 20-year-old aircraft forcing prices down. For that reason, I don't expect any stabilization or improvement in this market sector until after this glut is absorbed. Demand (and prices) for aircraft more than 20 years old continues to decline. The market still is shrinking for midsize and smaller jets due in part to oversupply and difficulties financing older aircraft.

Interestingly, for industry-watchers who expected growth to come from overseas markets, recovery seems to be driven by activity in the United States. While Dallas Jet International does business internationally, US-based transactions have dominated our activity in recent months.

Europe is still stagnant, India is down, Russia is starting to come back, Asia was on fire

but has slowed, the Middle East is starting to rebound, but we're seeing a recovery driven by the US market. Approximately 80% of our recent business is domestic. The aircraft market follows the stock market by about six months, so we will see if the momentum continues. As the market absorbs oversupply, we may see continued improvement through yearend. The outlook is very good!

Sidebar

### **2013 NARA Initiatives**

The National Aircraft Resale Association (NARA) is dedicated to turbine aircraft brokers, dealers and support service providers. Harris and the Board of Directors have outlined several major initiatives to assist Members and to improve the organization and the aviation industry:

#### **A New Certification Program**

NARA Certification will include adherence to a stringent code of ethics and a program of continuing education, as well as a documentation standard so that every purchase agreement or letter of intent complies with stringent requirements. Members seeking certification will need to be sponsored by three members and approved by their fellow broker/dealers as a Certified Member of NARA.

#### **New Associate Membership Benefits**

For the first time during our Spring Meeting, NARA held an Associate Member Forum. Each Associate Member was able to set up a booth. Brokers/dealers could visit each and get better acquainted with Associate Member services. The intent was to provide better communication with this key segment of the NARA Membership.

#### **A New Scholarship Program**

NARA has created an annual scholarship program for students studying Corporate Aviation Management, Aerodynamics, Aircraft Systems, Aviation Safety, Finance, Business Marketing, Economics and/or studies that relate to Aviation Business or Management in approved college or university programs. NARA will announce the scholarship program at the 2013 NBAA Annual Convention in Las Vegas.

#### **New Branding and Website**

To better accomplish and communicate these and other objectives for our members and the public, NARA has commissioned a reworking of our identity, including a new website,

marketing materials, blog articles, search engine optimization, unveiled at the 2013 NBAA Annual Convention.

### **Standardized Documents**

To assure consistency, we have created standardized documents. The value of NARA is found in the collective, shared knowledge of our membership. The Board of Directors has compiled template agreements for aircraft acquisition, aircraft purchase, aircraft sales, aircraft listing, and letters of intent. These are designed to help Members with their various contracts and to serve as guides for navigating many of the tax, regulatory, and legal challenges faced in aircraft transactions today.

Harris says, “We’re very proud of these initiatives. We’ve listened to our Members and the public and we’re moving swiftly to improve the experience for NARA Brokers/Dealers and our Associate Members, and to help ensure that the public has a great experience when dealing with NARA Members.”